

**Table 1. Comparison of S.1 and H.R. 1 Proposals for Restructuring Medicare**

	<b>S.1</b>	<b>H.R. 1</b>
Rename Part C, Medicare+Choice as Medicare Advantage (MA)	Adds new PPO option All MA plans must offer Part A and Part B services, standard Part D drug coverage and an out-of-pocket limit	Adds new PPO option All MA plans must offer Part A and Part B services, standard Part D drug coverage and an out-of-pocket limit
Regional Plans	At least 10 regions will be defined. PPO plans limited to the 3 lowest cost plans in a region	Adds Enhanced FFS plans under Part E. Up to 3 EFS plans will also be offered in the 10 regions.
Plan Payments 2006-2010	MA plans bid to provide Part A and B benefits will be compared with a benchmark for the service area. Plans are paid the benchmark amount.	MA and EFS plans bid to provide Part A and B benefits will be compared with a benchmark for the service area. Plans are paid the benchmark amount.
Beneficiary costs 2006-2010	If plan bid exceeds benchmark, the beneficiary pays the difference. If plan bid is under the benchmark, the beneficiary gets a refund --either reduced premium or enhanced services. Traditional Medicare pays Part B premium	If plan bid exceeds benchmark, the beneficiary pays the difference. If plan bid is under the benchmark, the beneficiary gets 75% of the difference, 25% goes to CMS. Traditional Medicare pays Part B premium
Benchmarks	Benchmark is the greater of the area capitation rate or local FFS costs, adjusted for risk	Benchmarks are weighted average of MA capitation rates, adjusted for risk
Plan payments after 2010	Same as methodology as in 2006-2010	In competitive areas with at least 2 MA or EFS plans with the lesser of 20% or the national MA+EFS penetration rate, benchmarks are computed as weighted average of FFS costs and MA/EFS bids.
Beneficiary costs after 2010	Same methodology as in 2006-2010	MA and EFS premiums as before 2010. Traditional Medicare will pay the difference between AAPCC and the benchmark, in addition to their Part B premium
CBO Estimates 2004-2013	\$18.3 Billion for Cost of MA and Competition	\$7.5 Billion for Cost of MA, EFS and Competition

Adapted from Henry J. Kaiser Family Foundation, July 24, 2003.